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55482

VULNERABILITY OF THE SOVIET BLOC TO ECONOMIC WARFARE

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Published 19 February 1951

CENTRAL INTELLIGENCE AGENCY

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NATIONAL INTELLIGENCE ESTIMATE

VULNERABILITY OF THE SOVIET BLOC TO ECONOMIC WARFARE

NIE-22

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated in the preparation of this estimate. All members of the Intelligence Advisory Committee have given their concurrence to the estimate. This paper is based on information available on 15 February 1951.

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VULNERABILITY OF THE SOVIET BLOC TO ECONOMIC WARFARE

PROBLEM

To estimate the vulnerability of the Soviet bloc to economic warfare.

FOREWORD

The term "economic warfare" as applied in this paper covers the offensive use in peacetime of measures to diminish or neutralize the war potential of the Soviet bloc.*

The extent to which in the event of war the resources of conquered territories could be effectively utilized and the extent to which they would represent a net gain to the bloc is a problem beyond the scope of this paper. The absence of military operations is assumed as a part of the terms of reference.

Since China is engaged in military operations against United Nations forces in Korea, it is necessary to assess the effect of economic warfare upon China under the existing circumstances.

The measures considered available to the Western Powers to deny exports to the Soviet bloc include the following: export and import licensing, trade manipulation, preclusive buying, black listing, foreign funds control, and the denial to the Soviet bloc of access to non-Soviet maritime and air facilities. The effects of blockade and of the use of the navicert and ship warrant systems are not considered in this paper under the term economic warfare since these measures are usually not employed except in a state of war.

GENERAL CONCLUSIONS

Military Capabilities.

1. A program ** of economic warfare directed against the Soviet bloc, which encompassed selected commodities and services and which received a high degree of cooperation from the Western Powers would, if well coordinated and well enforced, seriously retard and limit the development of the Soviet bloc war potential. Although, because of the advanced state of Soviet preparedness for

* The Soviet bloc is defined as: the USSR, China, Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland, and Rumania. The vulnerability of Korea, Outer Mongolia, and certain Communist-controlled areas in Southeast Asia is not considered because of the relative insignificance of the economies in these areas; however, it is assumed that economic warfare measures will also apply against these regions.

** No attempt is made to assess the general effectiveness of the control measures that are already in effect, or to suggest wherein they are adequate or need to be supplemented. It should be noted, however, that direct US shipments to the Soviet bloc have already been reduced to relatively insignificant proportions through our export control policies.

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war, such a program would not significantly affect the present capability of the USSR to wage initial campaigns, it would, nevertheless, seriously affect the capability of the USSR to conduct a general war of long duration and might correspondingly influence a decision concerning such a venture.

Conduct of Foreign Policy.

2. The total effects of a program of economic warfare are not likely to force a basic change in the aggressive foreign policy of the USSR.

Economic and Political Stability.

3. The effect of a program of economic warfare on the economic and political stability of the USSR and its Satellites and upon relations between the USSR and its Satellites would not be decisive, though such a program would intensify popular discontent, particularly in the Satellite states and would aggravate problems of commodity distribution throughout the bloc. Soviet authority, however, would doubtless be effective in dealing with conflicting claims among the Satellites for scarce commodities. In view of the repressive power of the Soviet bloc security organizations, the political stability of the various regimes would not be seriously jeopardized unless and until other disruptive pressures were brought to bear, in which case the cumulative effect would be serious.

Economic Development.

4. A program of economic warfare would add to the internal economic problems of the USSR and its Satellites and would make it virtually impossible to carry out the planned balanced development of their economies. Such prospects as they now have for narrowing the present great gap between their combined productive capacities and those of the West would be decidedly reduced.

Ability to Reduce the Effects of Controls.

5. To achieve worthwhile results a high degree of cooperation among the Western Powers is essential *; otherwise the Soviet bloc could reduce the effect of an economic warfare program: a) by purchases from Western nations unwilling to engage in parallel action on the economic warfare program; and b) by the employment of covert trade channels to circumvent controls. In any case, the Soviet bloc would attempt to reduce the effects by adjustments within the economy, including reallocation of resources, the use of synthetics and substitutes, and the temporary utilization of stockpiles. There would, however, be a definite limitation on their ability to reduce the effect of controls through such internal adjustments.

Chinese Military Capabilities.

6. The effect of a program of economic warfare against China requires special consideration since China is actually engaged in military operations of major importance. The effect of economic warfare alone would not be a decisive factor in limiting Chinese military capabilities. Combined with the present drain caused by the Korean war, however, economic warfare would substantially reduce Chinese military capabilities (though not to the extent of critically disrupting cur-

* Although it is not actually within the terms of reference of this estimate, it should be noted that effective measures for economic warfare against the Soviet bloc would involve substantial cost. This cost would probably include, *inter alia*, loss of the imports of Western Europe from the Soviet bloc which are of significance to their economies, and would require a redirection of trade. This estimate makes no attempt, however, to balance off the costs of economic warfare against its advantages.

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rent tactical operations) and might ultimately affect the Korean war itself. Unless the Soviet Union were engaged in supplying major campaigns elsewhere, it would have the capability, despite certain stringencies in its economy, of supplying China's essential military requirements, but it is uncertain how much the flow of Soviet supplies to China could be stepped up without creating critical transportation difficulties. The effect of these difficulties together with the drain caused by the Korean war might, conditioned upon the degree of resistance, exert a restraining influence upon Chinese plans for further expansion in Southeast Asia or might significantly hamper the execution of such plans if they were put into operation.

Chinese Economy.

7. The industrial centers of China which are largely the product of Western capitalism are peculiarly dependent upon the West for raw materials, for supplies, and for industrial spare parts, and, indeed, even for the maintenance of some of the barest essentials of an industrial type of society. A program of economic warfare, by depriving these centers of their imports, would consequently have a serious effect on their economy and would increase the problems of internal control there. In addition, a well enforced program of economic warfare would make Communist China more dependent on the very limited Chinese rail facilities connecting with the USSR. Such a program would have increasingly serious effects. It would hamper current industrial production, retard industrial development and might seriously limit China's ability to sustain large-scale military operations. If continued for a long enough time, it might even threaten the internal stability of the regime.

DISCUSSION

Vulnerabilities of the USSR and Its Eastern European Satellites.*

8. In 1950 the USSR and its Eastern European Satellites imported roughly $1.4 to $1.6 billion worth of goods from the outside world. While the amount is only about one percent of the aggregate national output of the Soviet bloc, it consisted primarily of items essential for military preparedness and for expansion of the basic industries of the Soviet orbit. It included, in particular, equipment embodying Western technical improvements, some of which was imported to serve as models for Soviet copies. Inability of the Soviet bloc to procure essential import requirements would seriously retard economic and technological development in many lines.

* A more detailed discussion of these vulnerabilities is contained in OIR Report No. 5447 of 26 January 1951, *Vulnerability of the Soviet Bloc to Existing and Tightened Western Export Controls.*

Low Industrial Productivity of the Soviet Bloc.

9. The very low per capita income both in the USSR and in the Satellites reflects an economy with a very limited total area for adjustments which might be necessitated by measures of economic warfare directed against the bloc. It reflects on the other hand the existence of an authoritarian regime which has the power to ration consumers to the barest subsistence level and consumers inured to such a low level. This means that adjustments in the Soviet economy which might be necessitated by measures of economic warfare may be feasible even though they have to take place within an area of extremely limited maneuverability.

10. There are very few economic resources within the Soviet bloc which are not in much shorter supply than in the Western bloc. Thus, even in the case of general purpose steel, which is not estimated to constitute a

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commodity in critical shortage for the Soviet bloc, both total production and per capita production are for example only a fraction of that of the US or of the Western bloc. Consequently total steel production in the USSR would not at the present time allow, for example, a large merchant ship construction program or a great expansion in the number of automobiles without a drastic curtailment of war materials. This relatively low production of steel thus constitutes a sharp limitation upon the industrial capabilities of the Soviet Union in comparison with those of the US or of the entire Western bloc. The Soviet economy, however, is adjusted to present supplies of steel produced domestically, and since the USSR does not rely to a significant degree upon imports of finished general purpose steel, there is only limited vulnerability to economic warfare in the case of steel or of other commodities in like status.

11. Quite different is the case of most of the commodities and facilities discussed below. In these cases the shortage is deemed critical not primarily because quantities available are low in comparison with those available to the Western Powers, but because a significant proportion of the quantities used by the Soviet economy have been imported and are not likely to be replacable without substantial additional cost to the economy.

Fuel and Power.

12. Of the three main sources of power—coal, petroleum, and electricity—the Soviet bloc is least vulnerable with respect to coal.

13. Petroleum production and stocks are adequate for a reasonable rate of peacetime economic development and for initial military campaigns, but they would probably be insufficient to support the requirements of a large-scale war of long duration involving strategic air operations, especially if some of the refining facilities were destroyed. Expansion of crude oil output in excess of planned goals has been achieved through over-intensive utilization of facilities. There are shortages of many types of oil field equipment, ranging from geophysical prospecting instruments to drills, rigs, and essential pipe and tubing. The shortage of refining capacity for the production of 100 octane aviation gasoline and high grade lubricating oils is of particular importance. At present there are indications that air units are rationed in the use of aviation gasoline, which may be due, however, to transportation difficulties and/or stockpiling as well as to the low refining capacity.

14. In electric power the USSR and its Satellites have not been able to provide the generating capacity envisaged by the state planners, despite large imports of equipment from abroad. Major items in short supply are steam and hydroelectric turbines and generators, switching and control equipment, large power transformers, steam boilers and boiler tubes, electrical indicating and recording instruments, and electric motors of over 200 h.p. Expansion of electric power capacity has a leading priority throughout the bloc, and inability to obtain the equipment necessary would impede the expansion of many other industries and retard the development of reserve capacity so necessary in the event of destruction during war.

Metals, Metal Products, and Metallurgical Equipment.

15. (a) Copper and lead are in short supply in both the Soviet and Satellite economies. Copper is among the most critical of the metal shortages and in wartime direct military requirements in this metal are extremely high. In 1950 Soviet output of copper totaled between 250,000 and 300,000 tons and imports ranged between 50,000 and 100,000 tons. Practically all of those import requirements were supplied by Western sources.

(b) The Satellites continue to acquire tin and tin alloys from the West, although the inclusion of China in the bloc has made such procurement less imperative. Imports of Chinese tin would be sufficient for minimum peacetime needs but would be insufficient to make up the deficit in wartime.

(c) Zinc, tungsten, nickel, bronze, and brass are in tight supply. Soviet requirements for nickel in the atomic energy program make this item particularly important. The deficiency in tungsten can be partly offset by Chinese supplies.

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(d) Cobalt, mercury, and cadmium have reportedly been smuggled into the USSR, indicating a shortage of and an intense interest in acquiring these items.

(e) Aluminum capacity is satisfactory with the possible exception of facilities for producing aluminum foil.

16. The Soviet bloc economies have adjusted to limited but increasing supplies of steel. Consequently, even though the quantities available are far below those of the Western Powers, carbon steel is not likely to constitute a critical shortage. There is, however, a particular stringency in high grade alloy steel, and in certain products such as seamless pipes and tubing, and steel wire and cable. Czechoslovak and Polish steel production depend to a considerable degree upon high grade Swedish iron ore. If the supply of this ore were cut off, it would at the least force extensive plant and equipment changes in these countries. The achievement of planned goals for iron and steel production, particularly in Poland, Czechoslovakia, and Hungary, would be retarded by inability to procure necessary equipment from the West.

Non-Metallic Minerals and Selected Manufactures.

17. In this category shortages are evident in industrial diamonds and other industrial gemstones, graphite and electrodes, piezoelectric quartz, manufactures of mica and possibly asbestos brake lining. Although these shortages affect many key industries in the Soviet bloc, the relatively small bulk represented by several of the above items (particularly industrial gemstones) makes circumvention of controls through clandestine shipments relatively simple.

Chemicals.

18. The USSR and its Satellites are relatively self-sufficient in raw materials for the chemical industry, except for sulphur and pyrites. Production facilities for basic chemicals are adequate for current requirements, although the industry would be hard pressed to supply a major war effort of long duration. The key items in short supply are the special chemicals, many of which the Soviets have attempted to procure from the West. These include plastics, pharmaceuticals, rubber chemicals and carbon black, and chemical cellulose of nitrating grade. In the equipment line, it is believed that export controls on such items as glass lined equipment, special valves, reactors, vacuum and pressure pumps and recording and control apparatus could be an important factor in retarding the expansion of capacity in lines important to the military potential.

Rubber and Rubber Products.

19. Unrestricted purchases of natural rubber during the past three years have enabled the USSR to bridge one of the most vulnerable gaps in its strategic supply position, and, by providing stockpiles for future needs, have greatly strengthened the Soviet military position. Future restrictions on natural rubber shipments would, of course, force the Soviet Union to dip into its stockpile sooner than it intends, both for its own use and for its Satellites. The Soviet synthetic rubber industry presently produces between 220,000 and 270,000 tons of synthetic rubber annually, and thus requires about 75,000 to 90,000 tons per year of natural rubber for admixture. In the production of tires even though rubber stocks are adequate, other difficulties detract from the quantity and quality of tire output. Strict Western control over shipments of all sizes of tires, together with embargoes on tire-manufacturing equipment, tire cord, and carbon black, would be among the most effective means of exploiting this vulnerability.

Cotton, Wool, and Hard Fibers.

20. A Western embargo on cotton and wool fiber exports to the USSR and Eastern Europe would not have a critical effect upon the economy of the bloc as a whole. The impact upon the USSR would not be serious in view of the relatively small share of Soviet imports compared with domestic output. It would necessitate the closing down of some textile plants in such industrial Satellite countries as Poland and Czechoslovakia, which have a well developed textile industry of long standing, but lack the broad domestic raw material bases that the Soviet Union possesses. Some difficulties are likely to be experienced, principally

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in the USSR as a result of the loss of high-quality grades of both cotton and wool. The Soviets are aware of this deficiency and have purchased large quantities of wool for stockpile from Australia. Reduced supplies could be partially offset by increased domestic production of synthetic fibers, particularly in Poland, Czechoslovakia, and Eastern Germany and by temporary withdrawals from stocks. Military and industrial requirements would be given priority in the allocation of supplies, and the main brunt of any reduction arising out of Western controls would have to be borne by the civilian consumer.

21. Cessation of imports of hard fibers (sisal, jute, and henequen) into the Soviet bloc would create some stringencies, but probably not have any disastrous effect on the industrial and military economy because of the ability to use domestic fibers as substitutes.

Metalworking Machine Tools.

22. Increased resrictions on Western exports of machine tools would seriously impede development of Soviet and Satellite economic potential. Western trade restrictions on certain complex types could create bottlenecks within a short period of time, for example, in the manufacture of precision gears for certain types of aircraft. Soviet bloc efforts to get machine tools of numerous types—multi-spindle automatic lathes, honing and lopping machines, horizontal combination boring, drilling and milling machines, etc.—are strong evidences of the importance of those items to total Soviet economic development.

Electronics Equipment.

23. Although the Soviet bloc has developed most lines of electronics production, it has not been able to develop a comprehensive enough electronics industry to produce a large enough volume of materials, component parts, and items which might well be of critical importance in the prosecution of a war. Intensive efforts have been made to secure raw materials, electronic equipment and components, production equipment and technical information through both overt and covert trade channels. Denial of Western exports in those lines would seriously hamper Soviet bloc electronics development and production. These weaknesses would be felt in the fields of radar, guided missiles, radio, aircraft navigational aids and atomic energy. Internal adjustments by the USSR and its Satellites would not be able satisfactorily to offset this deficiency.

Precision Instruments.

24. The Soviet bloc has the same vulnerability to restrictions on shipments of precision instruments that it has in the case of electronic equipment. The entire orbit is critically short of a number of specialized measuring, analytical, and control instruments essential for a wide range of industrial and military demands. Items in short supply include such basic instruments as spectographs, vacuum measuring gauges and pyrometers.

Abrasives.

25. The impact of increased restrictions of Western exports of abrasive materials would be felt directly in the metal working optical and precision instrument industries. This in turn would affect the output of such items as bearings, range finders and precision gears. Important deficiencies in abrasives include white aluminum oxide, silicon carbide, and certain specialized grinding wheels. Certain Satellite states are currently attempting to develop an abrasives industry, but it will probably not be a significant factor in the economy for at least five years.

Bearings.

26. Current production of all types of antifriction bearings in the Soviet bloc is quantitatively and qualitatively below minimum industrial and military requirements. Industry throughout the orbit is strongly dependent on non-orbit sources of bearing supplies, particularly in the case of specialized and precision type bearings. Since the end of the war the USSR has been forced to import an estimated 10 to 20 million units yearly from Western countries for use in a wide variety of vital machinery and end products including aircraft engines and tanks. In the producion of bearings for jet aircraft, for example, the Soviets rely heavily on non-orbit sources. The

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sizeable postwar procurement program of the Soviet bloc has probably provided a reserve of some types and sizes; nevertheless, antifriction bearings represent a category which is definitely vulnerable to Western export restrictions. Cessation of shipments would have a substantial impact on capacity for military and industrial production.

Construction and Road Building Machinery.

27. The Soviet bloc is dependent on non-orbit sources for a high percentage of its total requirements for construction and road building equipment, particularly the heavier and more specialized types. If the bloc were forced to rely on domestic production of this equipment, the development of capabilities for the *rapid* construction of such projects as military installations, air strips, and strategic roads will be greatly limited.

Transportation Equipment.

28. One of the greatest shortages in the Soviet bloc's internal transportation system is in railroad rails. This shortage has reduced the normal maintenance replacement of worn rails and is a factor in failures to meet railroad construction plans. This deficiency however would not be a critical limitation in wartime. It is not viewed as acute because right-of-way maintenance is apparently above minimum operating levels, and because new line construction of economic as well as strategic importance has been going on throughout the orbit area. The capacity of the Eastern European Satellites to roll rails has been increased and supply should be easier in 1951.

29. Other shortages include: tank cars, tank trucks, heavy-burden freight cars (including well-cars), tires and tubes, motor vehicle spare parts, motor trucks, locomotives, railway signal equipment, and safety devices. None of these shortages is sufficiently critical to force a breakdown in the system, but they deprive the transportation system of a valuable cushion in wartime and in peacetime cause temporary bottlenecks in the distribution system.

Merchant Shipping.

30. The limited capabilities of the Soviet bloc merchant fleets force a strong dependence upon foreign flag shipping sources and represent a major vulnerability within the bloc. Approximately 65 percent of the value of Soviet bloc imports and about 57 percent of the value of its exports in trade with countries outside the bloc is carried by merchant vessels. The majority of this trade is presently carried by the vessels of non-Soviet nations. An analysis of shipping engaged in trading between Soviet and Satellite ports and the ports of non-Soviet nations during November 1950 revealed that nearly 90 percent of the vessels involved were of non-Soviet registry. Western measures designed to control the availability of shipping to the Soviet bloc through limitations on the export of items for use in expansion of shipbuilding facilities, through refusal to build ships for Soviet account and especially through denial of shipping itself would seriously limit the ability of the bloc to obtain transport both for its imports and exports.

Air Transport.

31. The USSR through its Czechoslovak and Polish Satellites maintains a network of air routes serving the principal European countries in addition to connections with Iran and Afghanistan in the Middle East. A vigorous Western civil aviation policy toward the USSR and its Satellites would not only help contain the Kremlin's efforts to extend its international air network, but would force the retrenchment and cessation of a number of important connections. The effective application of US export controls on aircraft parts and equipment would force changes and reductions in Czech airline schedules and has even caused over-intensive utilization of aircraft and inadequate maintenance. The Soviet bloc economy is not strongly dependent on these airlines, but inability to maintain these airlines would have many non-commercial disadvantages.

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Replacement Parts.

32. The entire orbit constantly needs replacement parts for the vast amount of assorted foreign equipment acquired in former years. A large percentage of the inventory of industrial equipment in the Soviet sphere is of foreign manufacture. For example, it is estimated that approximately 35 percent of the machine tools in operation in the USSR are Western built. The bulk of this equipment is now over five years old and is already beginning to present serious maintenance problems because of the non-availability of spare parts and the difficulty encountered in manufacturing them in the USSR or the Satellites. The problem is further complicated by the fact that most of this equipment is of an especially complex type, purposely obtained from abroad because of Soviet inability to produce it domestically. An estimated 75 percent of Soviet specialized machine tools are of foreign make. The constantly growing spare parts problem is, therefore, concentrated in the weakest and most important sector of the Soviet orbit industrial establishment.

Technical Aid.

33. In view of its quantitative and qualitative deficiencies in technical resources, the Soviet bloc would probably gain most by obtaining the services of experienced engineers. Their "know-how" would enable the Soviet Government to make better use of the industrial resources which it controls and to introduce new techniques in those industries which have been developed in the USSR relatively recently. It is very likely that full use of foreign technical assistance, if it were available, would still be hampered by insufficient skilled workers and by political interference; but aside from these two retarding factors, the principal obstacle to technological progress in the Soviet sphere is the lack of sufficient technicians who can bridge the gap between a working model and quantity production, between a flow chart of some new process and the operating installation. Judging by the number and persistence of Soviet attempts to get technical data in recent years, the bloc's most pressing need for technical assistance is in such fields as electronics, specialized metalworking machinery, testing equipment, rubber products, special chemicals, and petroleum refining. Needless to say, the published and unpublished technological literature which the bloc has procured or sought to procure would provide information that is applicable in practically all branches of industry, but the USSR and advanced Satellite countries undoubtedly use such information primarily in the fields just mentioned and in other industries that directly support military production. The problem of enforcing controls to exploit this vulnerability is of course a very difficult and in some cases impossible one.

Major Vulnerabilities.

34. Main obstacles to development of the Soviet bloc economy are the lack of skills, technical "know-how" and fabricating facilities. There are relatively few critical raw material shortages at current levels of production. The USSR and its Satellites are aware of these deficiencies and are exerting strenuous efforts to improve their capabilities for sustained military operations. In addition to their efforts to expand the over-all economic potential for war through increased capacity in such basic lines as steel, electric power, coal, petroleum, and transportation, they are giving special attention to the correction of deficiencies in certain key items * including: certain types of electronic equipment; precision instruments; copper and tin; natural rubber; special chemicals; ball and roller bearings; merchant vessels; special types of production equipment; and a wide variety of replacement parts and equipment components. There is also, of course, an intense effort to procure technical "know-how," materials, parts and equipment for production of a wide variety of weapons.

Cumulative Effects of Vulnerabilities Resulting from Controls.

35. The effect of an economic warfare program which denied significant quantities of critical items to the Soviet economy could be expected to go substantially beyond the mere summation of the separate and direct effects. Shortages would ramify widely throughout

* It is emphasized that there are many deficiencies other than those here enumerated.

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the economy and one shortage would in many cases compound the effect of others. The total effect of such a program, well coordinated and well enforced, would seriously retard development of the capabilities of the Soviet bloc to wage a prolonged war and thus might correspondingly influence a decision concerning such a venture.

Soviet Bloc Capabilities to Minimize the Effect of Controls.

36. Largely as a result of export controls, direct US shipments to the Soviet bloc have become relatively insignificant. The Soviet bloc, however, has benefitted from the lack of complete parallel action by other non-Soviet nations. Many Western nations have recently displayed a greater willingness to cooperate on export controls, but progress in the preparation of a sufficiently inclusive list has been slow. The effectiveness of an economic warware program would depend to a large extent on parallel action by the non-Soviet countries.

37. In addition to the lack of parallel controls, a widespread net of more or less covert trade channels has developed in recent years through which the Soviet bloc continues to obtain products on Western control lists. The intense efforts of the Soviet bloc to secure these items by burdensome circuitous and expensive channels is one measure of the urgency of its requirements. On the other hand, the substantial volume of this trade is a measure of the partial ineffectiveness of the current Western control program. This gap in enforcement could be closed to a significant extent through the cooperation of the non-Soviet countries and the application of instruments of economic warfare not widely employed at present, or not employed at all. Those measures would include: preclusive buying; black listing; foreign funds controls; and denial of shipping facilities. Despite these measures some restricted items would, of course, still get through, especially those of small bulk or those with numerous sources of supply.

38. In those cases where it would be impossible for the Soviet bloc to procure vitally needed imports, compensating internal adjustments could in some cases be made. The USSR could order a stricter control over the distribution and utilization of critical items within and between members of the orbit. This procedure would be feasible because of the high degree of integration of the Soviet and Satellite economies. Labor, fabricating facilities, and materials would be reallocated in an effort to produce the products previously imported. Synthetics and substitutes would be utilized wherever possible.

39. The full effect of these measures, however, would not offset adequately the damage resulting from Western trade restrictions. Presumably the bloc, through its planned economies, is operating under a scheme of allocations which has already been decided as the best possible arrangement. Reallocation of labor, materials, fabricating facilities, and products is not always feasible, and when it can be accomplished it is time-consuming, inefficient, and is generally less satisfactory than the previously adopted program. In view of the fact that Soviet plans have already provided for an allocation of resources giving top priority to the development of capacity for military production and heavy industry as opposed to consumers goods, reallocation of priorities can take place only within an already narrowed area. Any general change in the planned pattern of allocation would certainly retard the development of the economic potential for war.

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